



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF HUMAN SERVICES  
LANSING

MARIANNE UDOW  
DIRECTOR

February 21, 2007

The Honorable Bill Hardiman, Chair  
Senate Appropriations Subcommittee on DHS  
Michigan State Senate  
Lansing, Michigan 48933

The Honorable Dudley Spade, Chair  
House Appropriations Subcommittee on DHS  
Michigan House of Representatives  
Lansing, Michigan 48933

Dear Senator Hardiman and Representative Spade:

Section 678 of 2006 Public Act No. 345 (Enrolled House Bill 5796) requires the Department of Human Services to report on the activities of the early childhood investment corporation. Our report is attached.

If you have any questions about the attached material, please contact John Sorbet, chief administrative officer, at 373-7787.

Sincerely,

A handwritten signature in cursive script, appearing to read "Marianne Udow".

Marianne Udow

Attachments

- C: Senate and House Appropriations Subcommittee on DHS
- Senate and House Fiscal Agencies
- Senate and House Policy Offices
- State Budget Office

Department of Human Services  
Public Act 345 of 2006, Section 678

On August 16, 2006, the appropriations bill (Senate Bill No. 5796) for the Department of Human Services (DHS) was filed with the Secretary of State and given immediate effect (2006 PA 345). Section 678 of 2006 PA 345 provides the following:

**Section 678.** (1) The department shall provide the house and senate appropriations subcommittees on the department budget with an annual report on the activities of the early childhood investment corporation (ECIC). The report is due by February 1 of each year and shall contain at least the following information:

- a) Expenditures for the prior fiscal year and planned expenditures for the current fiscal year for the ECIC administration and for each program administered by ECIC.
  - b) The projected funding sources for the ECIC expenditures in subdivision (a).
  - c) A list of all new and ongoing contracts for ECIC programs.
- (2) All contracts shall be bid out through a statewide request-for-proposal process, and the department shall send a report to the house and senate appropriations subcommittees on the department budget covering the selection criteria for establishing contracts at least 30 days before the issuance of any request-for-proposals.

**Report to the Legislature**

The ECIC was established as an intergovernmental entity to focus on three areas that are critical to improving the ability of communities to respond to the needs of families with children from birth to five years of age. First, ECIC is to support, sponsor, and fund partnerships with communities to promote collaborative community approaches for comprehensive plans to address the needs of families with children from birth to five years of age. Second, ECIC will be a central clearinghouse for information, resources, and best practices on a variety of early childhood issues including parent support, child development, support of child care providers, and technical assistance for Michigan communities. The third purpose of ECIC will work with state government to optimize the manner in which public and private resources are used for early childhood services.

The ECIC is in a sub-recipient relationship to DHS for the administration of programs and services transferred through the DHS under authority of the Child Care and Development Fund (CCDF) program. The U.S. Department of Health and Human Services continues to regard DHS as the lead agency in the overall operation of the CCDF program in Michigan. DHS has detailed three staff with existing early childhood program responsibilities to provide continuity with the Early Childhood Investment Corporation's (ECIC) collaborative efforts. As is true for all sub-recipients, administration of the programs transferred to the ECIC is subject to federal guidelines, state law, and any grant provisions executed between the recipient and sub-recipient.

Under the sub-recipient relationship, the ECIC has specific reporting responsibilities, including the compliance with and utilization of DHS forms and reporting formats as well as the financial reporting requirements under OMB Circular A-133.

ECIC has provided DHS with the following information as part of the reporting requirements under the Grant Agreement.

### **Fiscal Year 2006 Expenditures**

#### ***Great Start Collaboratives***

The activities supported by this funding are designed to assist communities in building a comprehensive early childhood system. Collaboratives will work through a set of activities designed to increase local understanding of both current capacity and challenges, and to develop strategic plans to improve services for children 0 to 5 years of age and their families.

This table reflects the expenditures incurred by the 14 Great Start Collaboratives that were funded beginning March 1, 2006. Funds expended were for the final seven months of Fiscal Year 2006. The sole funding source in this first year was Child Care and Development Fund (CCDF).

<b>Branch</b>	17,995.49
<b>Charlevoix/Emmet</b>	28,406.53
<b>Dickinson/Iron</b>	34,277.94
<b>Genesee</b>	13,358.56
<b>Ingham</b>	16,755.16
<b>Jackson</b>	51,041.79
<b>Kalamazoo</b>	11,130.60
<b>Kent</b>	16,233.80
<b>Muskegon</b>	45,707.10
<b>Oakland</b>	36,070.42
<b>Saginaw</b>	19,388.58
<b>St. Clair</b>	20,806.97
<b>St. Joseph</b>	20,645.84
<b>Wayne</b>	62,656.31
<b>Sub-Total</b>	<b>394,475.09</b>
<b>Total Including Contractual Technical Assistance</b>	<b>401,725.09</b>

### Fiscal Year 2007 Great Start Collaborative Projected Expenditures

<b>Local Collaboratives</b>	Funding From Other Sources (Includes Michigan Department of Education Appropriation and support from the Kellogg Foundation)	CCDF Funds	Total Grant
Branch	70,620.00	49,380.00	120,000.00
Charlevoix-Emmet	70,620.00	49,380.00	120,000.00
Dickinson-Iron	70,620.00	49,380.00	120,000.00
Genesee	94,160.00	65,840.00	160,000.00
Ingham	94,160.00	65,840.00	160,000.00
Jackson	94,160.00	65,840.00	160,000.00
Kalamazoo	94,160.00	65,840.00	160,000.00
Kent	94,160.00	65,840.00	160,000.00
Muskegon	94,160.00	65,840.00	160,000.00
Oakland - Pontiac	94,160.00	65,840.00	160,000.00
Saginaw	94,160.00	65,840.00	160,000.00
St. Clair	94,160.00	65,840.00	160,000.00
St. Joseph	70,620.00	49,380.00	120,000.00
Wayne – (2 Collaborative Projects)	188,320.00	131,680.00	320,000.00
<b>New for FY07</b>			
Eastern UP (Chippewa, Luce & Mackinac)	70,620.00	49,380.00	120,000.00
Eaton	70,620.00	49,380.00	120,000.00
Mecosta-Osceola	70,620.00	49,380.00	120,000.00
Monroe	94,160.00	65,840.00	160,000.00
Newaygo	70,620.00	49,380.00	120,000.00
Ottawa	94,160.00	65,840.00	160,000.00
Shiawassee	70,620.00	49,380.00	120,000.00
<b>Totals</b>	<b>1,859,660.00</b>	<b>1,300,340.00</b>	<b>3,160,000.00</b>

#### ***ECIC Administration***

The DHS assigned Child Care and Development Fund (CCDF) dollars that were previously expended by the DHS for similar purposes to be used by ECIC to coordinate and support early childhood programs to improve the delivery of services to children and families. The transfer of programs and services is revenue neutral.

The funds expended in Fiscal Year 2006 for ECIC administration totaled \$550,642.

In Fiscal Year 2007, the planned expenditures for administration are \$1,062,757 or 7% of contracted funds.

### ***Contracts Supported Through CCDF Funds***

In addition to the Great Start Collaborative grants, the ECIC had responsibility for the continuation of quality child care initiatives. Funding for these initiatives is from the federal Child Care and Development Fund and is unchanged from the previous funding cycle. As needed, the process utilized to select contractors was based upon the procedures recommended for state agencies by the Department of Management and Budget.

The following table shows the expenditures in Fiscal Year 2006 and planned expenditures for Fiscal Year 2007 for programs and services funded by ECIC with CCDF funds. Following the table is a brief description of the programs and services funded with CCDF funds.

<b>Programs</b>	<b>FY06 Expenditures</b>	<b>FY07 Planned Expenditures</b>
Professional Development, Resource & Referral, T.E.A.C.H. and other Provider Supports	6,888,901	11,511,629
Publications (Healthy Child Care and Start)	358,617	719,306
Work Force Study	27,225	189,928
<b>Totals</b>	<b>7,274,743</b>	<b>12,420,863</b>

### **Child Care Resource and Referral**

ECIC has entered into three contracts to provide resource and referral services throughout Michigan. This contract helps assist families who need child care services by maintaining a register of child care providers in the geographic area for which they are responsible and providing appropriate referrals. ECIC has contracted with the Michigan 4C Association, Child Care Connections/Northwest MI 4C, and Detroit/Wayne County 4C. There is geographic coverage of the entire state of Michigan through these three contracts.

### **Child Care Provider Training**

Two contracts are in place to provide training and professional development opportunities for child care providers. These contracts assure that providers are offered a wide range of training opportunities to assure that they have the skills and knowledge necessary to provide both safe and stimulating settings for children in care. One contract is through Michigan State University Extension and the other is through the Michigan 4C Association.

**Accreditation Scholarships and Incentives**

This service under the professional development contract is used to provide a limited amount of funding to child care providers to become a nationally accredited center or home program. These services are provided as part of a contract with the Michigan 4C Association.

**Day Care Aide and Relative Care Provider Incentives**

This service under the professional development contract establishes an incentive for day care aides and relative care providers to be trained on issues relevant to their role as providers of child care. Child care aides and relative care providers who meet eligibility requirements and who complete at least sixteen hours of training are eligible for a one-time incentive of \$150. These services are provided as part of a contract with the Michigan 4C Association.

**Teacher Education And Compensation Helps (T.E.A.C.H.®)**

Provides scholarships for child care professionals working toward an associate or bachelor degree in early childhood education or child development or a Child Development Associate (CDA) credential. Michigan 4C Association administers this program.

**Early Childhood Workforce Study**

This contract provides for a workforce study of early care and education providers to be conducted statewide. In addition, it establishes baseline data on the provider workforce and provides demographic information such as: rate of pay, education attainment, job satisfaction and turnover. This study is being conducted by Public Sector Consultants.

**Consumer Education**

ECIC has two contracts for publications designed to provide child development, health and safety information and resources for child care providers. One publication, Healthy Child Care, is targeted for regulated providers and is published and distributed through Healthy Child Publications. The other publication, called Start, is distributed to day care aides and relative care providers. Between both publications, over 100,000 child care providers receive information on a bi-monthly basis.

**Projected Funding Sources**

In FY06, a budget was developed utilizing both private and public dollars. This budget contained a combination of CCDF funding, Kellogg funding, Build Funding, Joyce Funding and ECCS funding.

In FY07, a budget was developed utilizing both private and public dollars. This budget contained a combination of CCDF funding, Kellogg funding, Build Funding, Joyce Funding and ECCS funding.